

KAZAKHSTAN: Enterprise, Trade and Investment

Strategic Objective	The Challenge, Problem, Opportunity	The "Business Case" for changing behavior	Proposed Intervention/Activity	Expected Result/Impact	Timeframe
SO 1.3 Improved environment for small and medium enterprises (EF)	Predatory government behavior for SMEs: hostile take-overs and forced bankruptcies	Loss of income for SMEs	Education campaign focused at private sector: (1) quantify costs of corruption; (2) find/propagate models of integrity	The more true costs are understood, less willing are businesspersons to participate in corruption and more they will seek alternative models.	Parliamentary and Presidential elections in 2005 may help tie each of these proposals to specific timeframe)
	Incentives for SMEs to pay bribes to 'stay under radar' of excessive taxes and regulatory scrutiny	Decreased possibilities for broad-based development of service economy	Support the proposed Transparency International 'Integrity Pact' with oil companies	A stronger enabling environment for greater transparency in oil/gas production increases costs of secrecy in extraction industry	
	Some TA inadvertently helping to maintain virtual secrecy in financial transactions, bond, profit-sharing agreements with MNCs	Kazakhstani SMEs cannot fight corruption without greater business transparency	Support 'Publish What you Pay' Campaign and/or British Extractive Industries Initiative	(Same as above)	
	Oil MNCs enter into virtually secret multi-million dollars 30 year PSAs with Akimats	Secrecy only allows patronage system of Akimats to strengthen without public accountability or elections	Support Draft Law on PSAs in Parliament by getting Kazakhstan Petroleum Assn, TI/Kaz, local groups involved in public hearings	Creates enabling environment more favorable to local government autonomy and citizen participation	
	Absence of any models of public/private integrity	Bribes cause severe loss of legitimate tax income for GOK; further incentivizes bribe-taking	Education campaign focused on parts of government that interact with private sector (licensing; regulation)	Helps incentivize greater integrity among public sector employees	
	Single-commodity economy; middle class increasingly invests money in Chinese/Turkish products; no local manufacture				